

CHAPTER 1

GENERAL INFORMATION

A. PURPOSE

1. This Manual sets forth instructions to ensure uniformity and consistency in the administration of contract provisions relating to Government property in the possession of contractors. It also provides direction for Property Administrators (PAs) to perform other specific responsibilities. This Manual is applicable to all DoD personnel having responsibilities in this area. It prescribes procedures and techniques to:

- a. Meet management data requirements of the Government.
- b. Ensure performance of property management to protect the interests of the Government at a minimum cost through a uniform DoD contract property administration program.

2. The scope of the program shall be determined by the complexity of the contractor's property control system, the amount of Government property, and other conditions revealed by review of the contracts and correlation of their provisions with the property control system.

3. Management of Government property must be based on the objective of maximizing return on investment in property. It must consider the types and amounts of property, program criticality, an assessment of areas of greatest risk to the Government, and past contractor performance. It must also minimize the administrative burden for the Government and contractor. Use of commercially established property management practices are encouraged unless they are in conflict with contractual requirements or create an unacceptable risk to the Government.

4. It is the Government's policy to rely upon Government contractors to be accountable for and maintain official records of Government property in their possession. Contractor records are essential for contract property management. Maintenance of duplicate records by the Government is discouraged as it is costly and creates significant administrative burden for both the Government and contractor to reconcile records. The efficacy of contractor records and other aspects of contractor property control systems will be reviewed through Government-conducted property system analyses with augmentation by contractor audit personnel when determined appropriate by the Government. The PA is responsible for the adequacy of these Government reviews. The extent of documentation needed is to be determined by the PA as long as it can be demonstrated that evaluation methods are effective in identifying and resolving significant problems. System analyses documentation is secondary in importance to the quality of technical aspects of the reviews. PAs are cautioned to avoid compromise of other responsibilities for the sake of cosmetic improvements in

systems analyses documentation.

5. It is the Government's objective to clearly establish contractor requirements for management of Government property. The Government encourages contractor internal audits and systems analyses to identify the need for and to implement improved property management practices. The PA shall consider the extent and effectiveness of these reviews in determining the extent of Government review.

6. All facets of Government property management require the highest degree of ethical standards to be applied by both Government and contractor personnel. Contractors are encouraged to develop and implement policies and procedures addressing ethics in Government property management. Questionable and unethical property practices must be immediately reported through appropriate management levels and disciplinary action taken.

7. The primary responsibility of the PA is to administer the provisions of Government contracts that deal with Government property. As such, Government property personnel must also emphasize providing support and assistance to contracting officers, program offices and logisticians, as well as direction to contractors.

B. OBJECTIVES OF PROPERTY ADMINISTRATION. The primary objective of the property administration function is to attain efficient, economic, and uniform management of all Government property required for the performance of contracts. The function is mainly to administer the terms of contract provisions that specify the contractor's obligations to acquire, control, use, care for, report, and dispose of Government property, and to advise contracting activities and other DoD officials of the known level of efficiency of the contractor's management of Government property.

C. DUTIES AND RESPONSIBILITIES OF THE PROPERTY ADMINISTRATOR. The PA shall be responsible for:

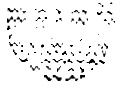
1. Administering contract provisions, requirements, and obligations relating to Government property in the possession of contractors. General clauses include the FAR 52.245 clauses.

2. Participating in pre-award surveys and postaward reviews.

3. Reviewing contracts assigned for property administration to assure that property is identified in the contract and that general and special contract provisions dealing with property are included, when applicable.

4. Ensuring that contractor property organizations are aware of and understand applicable provisions of Government contracts dealing with property including FAR 45.5.

5. Establishing contract property control data files.



6. Providing the contracting officer with recommendations concerning contractor liability for loss, damage, or destruction (L,D and D) of property on the basis of contract terms and conditions.

7. Granting relief of responsibility for LID and D of Government property on the basis of contract terms and conditions when authorized through the PA's certificate of appointment.

8. Performing functions as prescribed by FAR 45.5.

9. Developing and applying a property systems analysis program to assess the effectiveness of contractor Government property management systems.

10. Evaluating the contractor's property management system; approving the system or recommending disapproval where systems create an unacceptable risk of loss, damage, or destruction of property.

11. Advising the Contracting Officer (CO) and other affected Government managers regarding the contractor's noncompliance with approved procedures, contractual requirements, and other significant problem areas.

12. Notifying the CO in the event of excessive acquisition by the contractor and recommending cost disallowance, or other appropriate remedy.

13. Performing program or agency-oriented reviews of property acquisition, control, management, use, and disposition as dictated by contracting conditions where applicable.

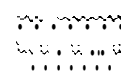
14. Supporting and assisting contractor's management, contracting officers, program managers, and other functions in resolution of property administration matters.

15. Reviewing Government-furnished material for receipt and reconciliation in accordance with FAR 45.5 and the reports provided by the Management Control Activity (MCA) in accordance with DoD Instruction 4140.48.

16. Providing guidance, counsel, and direction to Government and contractor managers and technicians related to regulatory and contractual requirements for management of Government property.

17. Ensuring that the contractor promptly reports excess Government property for disposition in accordance with contract provisions.

18. Supporting the assigned Plant Clearance Officer to ensure prompt and proper disposition of contractor inventory.



19. Obtaining and reviewing contractually required reports of property for all assigned contracts.

20. Preparing and submitting other reports prescribed by higher headquarters.

21. Requesting supporting property administration.

22. Performing supporting property administration.

23. Recognizing the functions of other Government personnel having cognizance of property, and obtaining their assistance when required. (These functions include, but are not limited to, contract administration, plant clearance, contract audit, quality assurance, engineering, pricing, subcontracting, production, transportation, and other technical areas. Assistance and advice on matters involving analyses of the contractor's accounting records, financial aspects of contractor property reports, and on any other appropriate financial audit matters shall be obtained from the Defense Contract Audit Agency auditor, through the CO.)

D. PROPERTY ADMINISTRATOR ROLE IN THE CONTRACT ADMINISTRATION

MISSION. The role of the PA is to support the contract administration function. The PA is an authorized representative of the CO regarding the contractual and technical aspects of Government property. The PA is part of the contract administration team that includes the CO, Price Analyst, Industrial Specialist, Transportation Specialist and Quality Assurance Representative (QAR). As a team member, the PA must establish effective communications with these other functional elements.

E. APPOINTMENT OF PROPERTY ADMINISTRATORS. The PA acts on behalf of the CO and is appointed in writing by a "Certificate of Appointment" in accordance with agency directions. Direction for appointment of PAs is provided in DFARS 245.7001. Specific procedures for appointment and the issuance of a certificate of appointment shall be established by the individual agencies.